

**SUMNER SCHOOL DISTRICT No. 320**  
**Pierce County, Washington**  
**September 1, 1991 Through August 31, 1993**

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**Schedule Of Findings**

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1. The District Should Monitor The Budget To Avoid Overexpending Appropriations

Our review of district records revealed that the Associated Student Body (ASB) Fund 1992-93 expenditures exceeded appropriations by \$42,922 (12 percent of the budget). The budgeting system should be adequate if properly used. The system currently requires detailed forecasting by each school.

RCW 29A.505.150 states in part:

... Total budgeted expenditures for each fund as adopted in the budget of a school district shall constitute the appropriations of the district for the ensuing fiscal year and the board of directors shall be limited in the incurring of expenditures to the grand total of such appropriations. The board of directors shall incur no expenditures for any purpose in excess of the appropriation for each fund . . . .

The overexpenditure of appropriations was caused by the schools raising and spending more money than was originally budgeted. The overexpenditure was not discovered until preliminary reports were run on the WSPIC processing system.

The effect of expenditures exceeding appropriations in the ASB Fund lowers the internal control of the budgeting system.

We recommend each school properly use the budgeting system in place to monitor expenditures to ensure that they do not exceed appropriations. We further recommend the board of directors amend the budget where necessary before the books are closed and the financial statements are finalized.

**SUMNER SCHOOL DISTRICT No. 320**  
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**Schedule Of Federal Findings**

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1. Expenditures Charged To Federal Programs Should Comply With Federal Regulations

During our review of the district's Chapter 1 (CFDA 84.010) and Handicapped (CFDA 84.027) grants, we noted that the district did not have an adequate system to support payroll charges to these grants. Time and effort records were kept for most employees but not in a form that could be used to determine the percentage of time spent on each program. In addition, we noted three employees who charged a percentage of their time to Chapter 1 but never worked on the grant.

The district also did not reconcile actual time and effort records to the payroll costs charged to the two grants. Due to the incompleteness of the records, we were unable to make an estimate of any overbillings which may have occurred for either of the school years.

U.S. Office of Management and Budget (OMB) *Circular A-87*, Attachment B, Section B.10.b states in part:

. . . Payroll and distribution of time. Amounts charged to grant programs for personal services, regardless of whether treated as direct or indirect costs, will be based on payrolls documented and provided in accordance with generally accepted practice of the . . . local . . . government. Payrolls must be supported by time and attendance or equivalent records for individual employees. Salaries and wages of employees chargeable to more than one grant program or other cost objective will be supported by appropriate time distribution records. The method used should produce an equitable distribution of time and effort . . . .

Since the district did not accumulate time and effort records in a method suitable to quantify the results, they were unable to make the proper adjustment to actual time at year end for grant billing purposes and were also unaware of the requirement to do so.

As a result of the lack of reconciliation of budget to actual costs for payroll, the district may have billed the incorrect amounts to the federal Chapter 1 and Handicapped grants for payroll charges.

We recommend the district modify its system to enable it to compute actual time spent on the federal Chapter 1 and Handicapped grants. We also recommend they use this information to adjust the final year-end billings to reflect actual payroll costs.